

REMARKS / ARGUMENTS

I. General Remarks

Please consider the application in view of the following remarks. Applicants thank the Examiner for his careful consideration of this application, including the references that Applicants have submitted in this case.

II. Disposition of Claims

Claims 1-6 and 8-10 are pending in this application. Claims 39-68 were cancelled and claims 7 and 11-38 were withdrawn in a previous response.

Claims 2, 5, and 6 have been amended herein. These amendments are supported by the specification as filed. None of these amendments were made for reasons relating to patentability.

Claims 1-6 and 8-10 stand rejected under 35 U.S.C. § 102(e).

III. Rejections of Claims

Claims 1-6 and 8-10 stand rejected under 35 U.S.C. § 102(e) as being anticipated by PCT Application Publication WO 03/056130 A1 by Couillet *et al.* (hereinafter "*Couillet*"). With respect to these rejections, the Office Action states:

Examiner further notes that the method of use of independent claim 1 has been amended to add an additional new step regarding "allowing the water-soluble relative permeability modifier to *attach onto a surface of the subterranean formation.*"

Couillet was discussed previously in item 17 on page 9 of the Office Action of July 3, 2007 and all the arguments and grounds of rejection therein are incorporated herein in their entirety.

Although Couillet may not explicitly disclose "allowing" the relative permeability modifier to "attach" onto the surface, because Couillet discloses treating a formation with the same relative permeability modifier (RPM) polymer compound as encompassed by the instant claims and thus possesses the same physical properties/effects, then the method disclosed in Couillet is must inherently allow the RPM polymer compound to "attach" to a portion of the surface of the subterranean formation" upon the addition of said RPM polymer compound in the Couillet's method of treating/fracturing a formation.

Examiner notes that Couillet discloses chitin, chitosan and modified chitosan via acylation/alkylation with an alkyl halide as a polymer compound added to the formation. (See, instant claims 5

and 6 reciting chitosan and alkyl halide as the hydrophilic polymer and hydrophobic compound, respectively.) Consequently, Couillet is disclosing using in the method of treating a formation a RPM polymer compound as encompassed by the instant claims with “sufficient specificity”.

Applicant’s arguments in Response regarding the newly added “allowing” step in independent claim 1 were addressed supra in paragraph #10. Because Couillet adds the same RPM polymer compound to a formation as encompassed by the method of the instant claims, then *“at least a portion” of the permeability of the formation [sic] must inherently be “attaching” to the formation* as disclosed in Couillet.

(Office Action at 3-4 (emphases added).) Applicants respectfully disagree with these rejections.

In order to form a basis for a rejection under 35 U.S.C. § 102(e), a prior art reference must disclose each and every element as set forth in the claim. MANUAL OF PATENT EXAMINING PROCEDURE (“MPEP”) § 2131 (2006). However, *Couillet* does not disclose “allowing the water-soluble relative permeability modifier to attach onto a surface *within* the subterranean formation,” as recited in Applicants’ independent claim 1.

Initially, Applicants respectfully note that the Office Action misstates the amendment to independent claim 1 in their previous response. The Office Action states that Applicants have amended claim 1 to recite “allowing the water-soluble relative permeability modifier to attach onto a surface *of* the subterranean formation,” and has referred to this language in explaining the basis for the rejection of claim 1. However, claim 1, as amended in Applicants’ prior response, clearly recites “allowing the water-soluble relative permeability modifier to attach onto a surface *within* the subterranean formation.” Even if *Couillet* discloses “allowing the water-soluble relative permeability modifier to attach onto a surface of the subterranean formation,” it clearly does not disclose “allowing the water-soluble relative permeability modifier to attach onto a surface within the subterranean formation,” as Applicants’ claims require.

The Office Action appears to base the rejections over *Couillet* on the assertion that, although *Couillet* does not specify that the hydrophobically-modified polymer disclosed therein “attaches” to a surface within a subterranean formation, it will “inherently” do so. To the contrary, *Couillet* repeatedly indicates that the fluid carrying a hydrophobically-modified

polymer will *not* flow into or penetrate within the subterranean formation such that the polymer may attach to a surface there. As Applicants pointed out in their previous response, *Couillet* provides that the treatment fluids described therein must have a viscosified gel structure, e.g., to carry proppant downhole into a fracture. (*Couillet* at page 5, lines 6-9; *id.* at page 19, line 34 - page 20, line 9 (carrying proppant by flowing “through the fracture”).) However, because they have this viscosified gel structure, those fluids will not be able to penetrate the subterranean formation such that the hydrophobically-modified polymer will be able to contact or attach to surfaces *within the porosity* of that formation, as recited in Applicants’ claims.

Moreover, *Couillet* acknowledges that one of the benefits of the system described therein is that it will form an “external polymer filter cake” that prevents leak-off of the fluid into the formation. (*Couillet* at page 31, lines 9-10 & 31-33.) In contrast, the relative permeability modifiers of the present invention penetrate the porosity of the formation *when fluid leak-off occurs*:

In certain embodiments of the present invention, the water-soluble relative permeability modifiers of the present invention may be placed into a subterranean formation during the drilling phase. *As filtrate from the drilling fluids leaks off into the subterranean formation, it is believed that the water-soluble relative permeability modifier, among other things, may attach to surfaces within the subterranean formation.* The presence of the water-soluble relative permeability modifiers in the subterranean formation may reduce the permeability of the treated zones of the subterranean formation to aqueous-based fluids (e.g., water) without substantially changing the permeability to hydrocarbons.

(Specification at ¶ 0027 (emphasis added).) Because the external filter cake in *Couillet* prevents such leak-off into the formation, the fluids described therein will not be able to penetrate the subterranean formation such that the hydrophobically-modified polymer will be able to contact or attach to surfaces *within the porosity* of that formation.

Because *Couillet* does not disclose each element recited in claim 1, *Couillet* cannot anticipate that claim. Moreover, since “a claim in dependent form shall be construed to incorporate by reference all the limitations of the claim to which it refers,” and since claims 2-6 and 8-10 depend, either directly or indirectly, from independent claim 1, these dependent claims are allowable for at least the same reasons. See 35 U.S.C. § 112 ¶ 4 (2004). Accordingly, Applicants respectfully request the withdrawal of these rejections.

IV. No Waiver

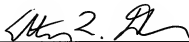
All of Applicants' arguments and amendments are without prejudice or disclaimer. Additionally, Applicants have merely discussed example distinctions from the cited references. Other distinctions may exist, and Applicants reserve the right to discuss these additional distinctions in a later Response or on Appeal, if appropriate. By not responding to additional statements made by the Examiner, Applicants do not acquiesce to the Examiner's additional statements. The amendments and example distinctions discussed by Applicants are sufficient to overcome the rejections of the claims.

SUMMARY

In light of the above remarks, Applicants respectfully request reconsideration and withdrawal of the outstanding rejections. Applicants further submit that the application is now in condition for allowance, and earnestly solicit timely notice of the same. Should the Examiner have any questions, comments or suggestions in furtherance of the prosecution of this application, the Examiner is invited to contact the attorney of record by telephone, facsimile, or electronic mail.

Applicants believe that there are no fees due in association with this filing. However, should the Commissioner deem that any additional fees are due, including any fees for extensions of time, the Commissioner is authorized to debit Baker Botts L.L.P.'s Deposit Account No. 02-0383, Order Number 063718.0411, for any underpayment of fees that may be due in association with this filing.

Respectfully submitted,



Elizabeth L. Durham
Registration No. 59,509
BAKER BOTTS L.L.P.
One Shell Plaza
910 Louisiana
Houston, TX 77002
Telephone: 713.229.2104
Facsimile: 713.229.7704
Email: liz.durham@bakerbotts.com

Date: October 11, 2007